

**IN THE SECURITIES APPELLATE TRIBUNAL
AT MUMBAI**

DATED THIS THE 15TH DAY OF JUNE, 2026

**CORAM: Justice P.S. Dinesh Kumar, Presiding Officer
Ms. Meera Swarup, Technical Member
Dr. Dheeraj Bhatnagar, Technical Member**

**Appeal No.711 of 2024
[Along with Misc. Application No.178
716 of 2025]**

1. Sanjay
S/o. Sheshmani Dwivedi
2. Smt. Deepali
W/o. Sanjay Dwivedi
Plot No.13-HD, Scheme No.94,
Sector H, Ring Road, ...Appellant
Indore (M.P.) – 452001.

(By Mr. Hitesh A. Biherani, Advocate for the Appellants.)

Securities and Exchange Board of India
SEBI Bhavan, Plot No.C-4A,
G-Block, Bandra Kurla Complex,
Bandra (East), Mumbai. ...Respondent

(By Ms. Gulnar Mistry, Advocate with Mr. Bhushan Shah, Mr. Akash Jain, Mr. Abhishek Nair and Mr. Divyang Salvi, Advocates i/b. Mansukhlal Hiralal & Co. for the Respondent.)

THIS APPEAL IS FILED UNDER SECTION 15T OF THE SEBI ACT TO SET ASIDE THE ORDER DATED JANUARY 10, 2023 PASSED BY THE AO, SEBI.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR ORDERS ON JUNE 09, 2026 COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE TRIBUNAL MADE THE FOLLOWING:

ORDER

Per: Justice P. S. Dinesh Kumar, Presiding Officer

This appeal is directed against order dated 10.01.2023, passed by the AO¹, SEBI² imposing penalty of ₹15 Lakh each on both appellants under Section 15A(a), 15C, 15EB and 15HA of SEBI Act, 1992³ for violation of securities law.

2. We have heard Mr. Hitesh A. Biherani, learned Advocate for the appellant and Ms. Gulnar Mistry, learned Advocate for the respondent.

3. Brief facts of the case are:

- a) D.S. Capital Venture Pvt. Ltd ('DS Capital/Company') for short) obtained registration from SEBI as an investment adviser. Sanjay Dwivedi (appellant No.1) and his wife Deepali Dwivedi (appellant No.2) were its Directors. Certain complaints were received against DS Capital on

¹ Adjudicating Officer

² Securities and Exchange Board of India

³ Securities and Exchange Board of India Act, 1992

SEBI's SCORES⁴ platform. These complaints related to false assurances, assured returns, advisory services, loss of funds, cheating, etc.

b) SEBI issued a show cause notice ('SCN' for short) dated 23.08.2021 stating *inter alia* that 17 complaints were pending on the SCORES⁵ platform which had remained unaddressed for more than six months; that false assurances were given by the Company with regard to assured returns; the Company had not redressed the complaints despite reminders.

c) The noticees were called upon to show cause as to why suitable regulatory action should not be initiated against them.

4. The Company and the appellants did not file their reply. The remaining two Directors submitted their replies. One of the Directors, Piyush Sharma (noticee No.2) among other things stated in his reply that Sanjay Dwivedi (appellant No.1) was the main mastermind who had misused his capacity to commit various financial scams in Company's name and eloped with multi crores of rupees; that he had trusted him at every stage thinking that he was a wise businessman and everything

⁴ SEBI Complaints Redressal System

⁵ SEBI Complaints Redressal System

collapsed when Sanjay eloped. He assured SEBI to co-operate to get justice to the investors.

5. Another Director, Abhishek Tiwari (noticee No.4) stated in his reply that he was a Director of the Company between 8.10.2018 and 16.09.2019; that he had paid ₹5 Lakhs as requested by Piyush and Sanjay to settle the clients and towards employees' salary; that his job was to complete the quorum in the board meeting and to sign the resolution; that the bank accounts were operated by Piyush, Deepali and Sanjay. He was not paid any salary nor even the travelling allowance; that he was a law graduate and he had no experience before joining the Company; that Directors had failed to reply to the inspection notice and the questionnaire because all the papers were seized by Economic Offences Wing. He has also stated that the Company was undergoing a difficult phase and regretted its failure to meet the norms.

6. After adjudication, the AO has imposed a penalty of ₹15 Lakhs each of the appellants under Sections 15A(a), 15C, 15EB and 15HA of the SEBI Act.

7. Assailing the impugned order, Mr. Hitesh A. Biherani for the appellants submitted that:

- Sanjay had resigned as a Director on 27.01.2017. He was subsequently appointed as a Director for 11 days between 9.11.2019 and 20.11.2019.

- He was in jail between 05.04.2019 and 21.10.2019.
- Deepali was appointed as a Director on 25.01.2017 and she resigned on 10.10.2018.
- The alleged 17 complaints are dated between 28.05.2019 and 26.01.2020.
- Appellant No.1 was a Director for only 11 days and cannot be held responsible for any acts and omissions of the Company.
- Appellant No.2 was not a Director in 2019-20. Therefore, she cannot be held responsible for the acts and omissions of the Company during that period.
- Company has also been penalised a sum of ₹20 Lakhs and it has not challenged the same. Similarly, Abhishek Tiwari has also not challenged the penalty of ₹15 Lakhs imposed upon him.
- Appellants were not involved in the day-to-day affairs of the Company. Piyush Sharma is Sanjay's brother-in-law and he was handling the affairs of the Company.
- Piyush Sharma challenged the impugned order in Appeal No.363 of 2023. This Tribunal has reduced the penalty to ₹3 Lakhs.

8. Learned Advocate for the appellants, in substance, contended that appellant No.2, Deepali had resigned much before the receipt of complaints. Therefore, the penalty imposed upon her is wholly unsustainable. The appellant No.1, Sanjay was appointed as a Director for only 11 days and all the affairs of

the Company were handled by Piyush. This Tribunal has reduced penalty imposed upon Piyush to ₹3 Lakhs and hence, the penalty imposed upon Sanjay is not sustainable. In the alternative, he prayed for reduction in penalty.

9. In reply, Ms. Gulnar Mistry for SEBI adverting to para 28 of SEBI's reply submitted that Sanjay was appointed as Director on two occasions and as an Additional Director in November, 2019. The SCORES complaints are dated between 28.05.2019 and 26.01.2020. As on the date of issuance of the SCN, the complaints had remained unaddressed for more than six months. Sanjay, being a Director, was duty bound to comply with the securities laws and SEBI's instructions, which he had failed to comply.

10. With regard to Deepali, Ms. Mistry submitted that she was a Director of the Company right from the inception. At the time of making the application for registration, she had stated that she was looking after the day-to-day affairs of the Company. Therefore, she is also responsible for the acts and omissions of the Company and hence, there is no error in the impugned order.

11. We have carefully considered the rival contentions and perused the records.

12. SEBI's case is, 17 complaints alleging false assurances and assured returns were received on the SCORES. SEBI issued a SCN and conducted inspection. Letters sent to the Company were undelivered. The copies were also sent by email, however,

no reply was received. Based on the information available, the AO came to the conclusion that (i) the Company and its Directors had failed to redress investors' grievances contained in the SCORES complaints for more than six months and some complaints were pending for more than one year; (ii) the noticees had failed to produce the documents sought for the purpose of inspection and they were not traced; (iii) noticees had also failed to inform change of registered office; (iv) noticees had neither informed nor obtained approval for change of the Directors; and (v) the Directors being senior management had failed to maintain proper standards.

13. It is not in dispute that appellants did not reply to the SCN and not participate in the proceedings.

14. The AO has imposed a penalty of ₹15 Lakhs each upon the appellants under Sections 15A(a), 15C, 15EB and 15HA of SEBI Act.

15. Penalty under Section 15A(a) is for failure to furnish information. Penalty under Section 15C is for failure to redress investors' grievances. Penalty under Section 15EB is for failure to comply with SEBI Regulations or directions issued by the SEBI. Penalty under Section 15HA is for fraudulent and unfair trade practices.

16. According to the SEBI, Sanjay was the Director/Additional Director of the Company during the following periods:

<i>Designation</i>	<i>Date of Appointment</i>	<i>Date of Resignation</i>
<i>Director</i>	<i>07/09/2016</i>	<i>27/01/2017</i>
<i>Director</i>	<i>23/07/2018</i>	<i>08/10/2018</i>
<i>Additional Director</i>	<i>09/11/2019</i>	<i>20/11/2019</i>

17. The SCORES complaints are dated between 28.05.2019 and 26.01.2020. Following is the list of complaints:

<i>S. No.</i>	<i>Complainant Name</i>	<i>Status</i>	<i>Date of Receipt</i>	<i>Date of Forwarding to DS Capital Venture</i>	<i>Last Communication Received from DS Capital Venture</i>	<i>Last Reminder Sent to IA</i>
1.	<i>Rama Soujanya Marella</i>	<i>Pending</i>	<i>26/01/2020</i>	<i>29/01/2020</i>	<i>Not received</i>	<i>Not sent</i>
2.	<i>Praveen Patil</i>	<i>Pending</i>	<i>16/12/2019</i>	<i>31/12/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
3.	<i>Deepak Kumar</i>	<i>Pending</i>	<i>09/12/2019</i>	<i>18/02/2020</i>	<i>Not received</i>	<i>27/08/2020</i>
4.	<i>Atul Tamhane</i>	<i>Pending</i>	<i>30/11/2019</i>	<i>02/12/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
5.	<i>Praveen Patil</i>	<i>Pending</i>	<i>25/11/2019</i>	<i>31/12/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
6.	<i>Praveen Patil</i>	<i>Pending</i>	<i>25/11/2019</i>	<i>31/12/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
7.	<i>Praveen Patil</i>	<i>Pending</i>	<i>25/11/2019</i>	<i>31/12/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
8.	<i>Atul Tamhane</i>	<i>Pending</i>	<i>22/11/2019</i>	<i>31/12/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
9.	<i>Hrushikesh Sahoo</i>	<i>Pending</i>	<i>04/11/2019</i>	<i>18/11/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
10.	<i>Ankit Parsotambhai Busa</i>	<i>Pending</i>	<i>10/10/2019</i>	<i>21/11/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
11.	<i>Rakesh Vemula</i>	<i>Pending</i>	<i>24/09/2019</i>	<i>27/09/2019</i>	<i>Not received</i>	<i>30/06/2020</i>
12.	<i>Nitika Kapoor</i>	<i>Pending</i>	<i>07/09/2019</i>	<i>24/02/2020</i>	<i>Not received</i>	<i>Not sent</i>
13.	<i>Rohit Kumar</i>	<i>Pending</i>	<i>29/07/2019</i>	<i>03/08/2019</i>	<i>Not received</i>	<i>24/02/2020</i>
14.	<i>A Bhavarlal</i>	<i>Pending</i>	<i>25/06/2019</i>	<i>28/06/2019</i>	<i>Not received</i>	<i>24/02/2020</i>
15.	<i>Ajit Singh</i>	<i>Pending</i>	<i>21/06/2019</i>	<i>28/06/2019</i>	<i>Not received</i>	<i>06/02/2020</i>
16.	<i>Maj Vivekanand Shukla</i>	<i>Pending</i>	<i>11/06/2019</i>	<i>12/06/2019</i>	<i>05/11/2019</i>	<i>06/02/2020</i>
17.	<i>Ajit Singh</i>	<i>Pending</i>	<i>28/05/2019</i>	<i>08/07/2019</i>	<i>17/09/2019</i>	<i>06/02/2020</i>

18. The above table shows that complaints from serial Nos.10 to 17 were pending whilst Sanjay was an Additional Director. It was argued by the learned Advocate for the appellant that since

Sanjay was in jail, his tenure as Director in November, 2019 was for only 11 days and the person in-charge of the affairs was Piyush. Hence, penalty could not have been imposed against him. In our considered view, this argument is untenable because Section 166 of Companies Act, 2013 casts a duty upon a Director to exercise his duties with reasonable care and diligence. Section 166(6) forbears a Director from delegating his functions. Thus, Sanjay was duty bound as a Director of the Company to ensure that the SCORES complaints were addressed, which failed to do. The argument that Piyush was responsible runs counter to Section 166(6) of the Companies Act. Further, as per Section 27 of SEBI's Act, every person in-charge of Company shall be liable to be proceeded against and punished.

19. Admitted position is, appellants did not chose to reply to the SCN. They were not served on their addresses before inspection. They did not reply to the emails sent to the Company. They did not participate in the proceedings. The complaints on the SCORES platform tabulated hereinabove are not denied.

20. While considering the appeal filed by another Director Piyush, with regard to penalty under Section 15A(a), this Tribunal has held thus:

“7. The AO has also found that the appellant failed to produce the documents as sought during the inspection. In this regard, we find that an inspection notice was sent on November 12, 2020 which came back undelivered. We also find that the

appellant had resigned on July 7, 2020 and consequently the question of the appellant complying with the inspection notice dated November 12, 2020 does not arise. Consequently, no penalty can be imposed upon the appellant for failure to produce the documents pursuant to the inspection notice.”

21. With regard to penalty under Section 15HA of the SEBI Act for violation of PFUTP Regulations, this Tribunal has recorded thus:

“The AO is required to investigate the allegations made in the complaints and arrive at a finding. Such bald allegations made in the complaints cannot, in our opinion, lead to an assumption or presumption nor can it lead to a conclusion that the appellant and its company have played a fraud attracting Regulations 3(d) and 4(2)(s) of the PFUTP Regulations. Thus, this allegation is not proved and, in our opinion, there is no violation of Regulations 3(d) and 4(2)(s) of the PFUTP Regulations.”

22. With regard to penalty under Section 15C, this Tribunal has sustained the penalty, but reduced the quantum.

23. In case of Sanjay (appellant No.1), following the reasons recorded by this Tribunal in Piyush’s appeal⁶, the penalty under Section 15A(a) and 15HA shall not be sustainable. It is pleaded in the memorandum of appeal⁷ that Sanjay was 99% shareholder and one of the Directors of the Company. Admittedly, he was a Director/Additional Director on three different occasions. The complaints from Sr. Nos.10 to 17 mentioned in the tabular column *supra* have remained unaddressed during the period, when Sanjay was a Director.

⁶ Appeal No.363 of 2022 decided on 19.04.2023

⁷ Para 5.12

Therefore, he shall be liable for penalty under Section 15C of the SEBI Act. In the appeal filed by Piyush, this Tribunal has taken note of Piyush's contention that Sanjay is the mastermind. Appellants have annexed a copy of this Tribunal's order to the memorandum of appeal⁸, but the said finding has not been challenged. We may record that in Piyush's appeal, this Tribunal has upheld⁹ the penalty for violation of Regulation 13(b) and Regulation 21 of IA Regulations¹⁰. Penalty for violation of Regulation 13(b) is imposed under Section 15EB of the SEBI Act. Keeping in view the fact that Sanjay was holding 99% shares and he was a Director on three different periods, in our considered opinion, ends of justice would be met by imposing a penalty of ₹5 Lakhs under Section 15C and ₹3 Lakhs under Section 15EB of the SEBI Act.

24. So far as the case of second appellant is concerned, her contention is that she had resigned on 10.10.2018. In SEBI's reply, it is pleaded that her resignation was not informed by the Company. Appellant has annexed Form No.DIR-12 to substantiate her contention that she had resigned with effect from 10.10.2018. She has also annexed a letter issued by the Company that her resignation was accepted. Appellant has adverted to Form No.DIR-12 in para 5.12 of memorandum of appeal. SEBI, in its parawise reply, has stated that the contents of 'para 5.12-5.14 are denied in toto'. Thus, there is no specific

⁸ Annexure A/3 para 13

⁹ Para 11 in appeal No.363 of 2023 disposed of on 28.04.2023

¹⁰ SEBI (Investment Advisers) Regulations, 2013

reply with regard to the Form No.DIR-12 submitted to the Ministry of Corporate Affairs. We have perused the same. It clearly indicates that Deepali had ceased to be a Director with effect from 10.10.2018. Admittedly, the complaints are from 28.5.2019. The SCN, inspection and the impugned order are all subsequent to the said date. Therefore, the penalty against appellant No.2 is not sustainable.

25. In the result, the following:

ORDER

- i) Appeal is ***allowed in part.***
- ii) Penalty against the appellant No.1 is reduced to ₹8 Lakhs.
- iii) Order dated 10.01.2023 passed by the AO, SEBI *qua* appellant No.2 is set aside.
- iv) Pending interlocutory application(s), if any, stand disposed of.
- v) No costs.

Justice P.S. Dinesh Kumar
Presiding Officer

Ms. Meera Swarup
Technical Member

Dr. Dheeraj Bhatnagar
Technical Member

15.06.2026
RHN